



IDAHO STATE LIQUOR DIVISION
PURCHASING & DISTRIBUTION

DELISTING PROCEDURES

September 16, 2010

REGULAR PRODUCTS: EVALUATION AND DELISTING PROCESS

A REGULAR product offered by ISLD will be considered for DELISTING if the product's 12 month gross profit production is below targets set for the respective category and size. If a category, or size within a category, doesn't have sufficient number of offerings to generate an appropriate gross profit target, ISLD may set an alternative gross profit target.

For REGULAR products the Gross Profit Targets will be determined using rolling 12 month gross profits shown on the *ISLD Gross Profit Report*. The GP targets will be reset twice per year:

- February, using GP data for February 1 through January 31
- September, using GP data for September 1 through August 31

Delist recommendations to the Director will be made March 1 and October 1 each year.

Products slated for DELIST may be immediately delisted.

Alternative sizes of DELISTED products may also be subject to DELISTING.

REGULAR products DELISTED will be given a final "*Last Call*" store manager order opportunity. After the "*Last Call*" order opportunity, ISLD requests that any remaining bailment inventory be picked up and relocated.

This space is reserved for future information regarding DELIST price reduction support and mark-down policies on ISLD owned inventory.

The gross profit goal for REGULAR products is the average gross profit generated by NEW and REGULAR items in the **bottom 30% of the category and size**. CLOSEOUTS, INTRO, GIFT, ONE-TIME, RESTRICTED, CONTROLLED, LIMITED or SPECIAL ORDER products will not be included in the calculation of the REGULAR gross profit target.

The decision whether to DELIST REGULAR products rests with the Director.

NEW PRODUCTS: EVALUATION AND DELISTING PROCESS

NEW products will be given a 12 month trial period. Gross profit production will be measured against the category and size Gross Profit target to determine whether a NEW product advances to REGULAR status or becomes a DELIST candidate.

A gross profit target will be set for NEW items, using the appropriate category/size gross profit target, depending on when the product was listed.

- Products listed between February through August will be evaluated using the February GP target.
- Products listed between September and January will be evaluated using the September target.

Monthly progress reports will be issued showing NEW product's progress towards achieving the 12 month Gross Profit Target.

Products that generate the 12 month gross profit target before the end of the 12 month trial period may be given REGULAR product status before the end of the trial period.

NEW Products that fail to achieve the gross profit target will become candidates for DELIST.

12 month trial period will begin in the month that full allocation is complete and sales have begun.

NEW products slated for DELIST may be immediately DELISTED.

NEW products DELISTED will be given a final "*Last Call*" store manager order opportunity. After the "*Last Call*" order opportunity, ISLD requests that any remaining bailment inventory be picked up and relocated.

This space is reserved for future information regarding DELIST price reduction support and mark-down policies on ISLD owned inventory.

The gross profit target for NEW products is the average gross generated by NEW and REGULAR products in the **bottom one-half (50%)** of the category/size. Products classed as CLOSEOUTS, INTRO, GIFT, ONE-TIME, RESTRICTED, CONTROLLED, LIMITED or SPECIAL ORDER products will not be included in the calculation of the gross profit target.

An alternative Gross Profit target will be set if a NEW product is in a category or size that has so few products that a meaningful gross profit target can't be determined.

The decision whether to DELIST NEW products rests with the Director.

INTRODUCTORY PRODUCTS: EVALUATION AND DELISTING PROCESS

INTRODUCTORY (INTRO) products are 50 ml packages of products given a short term listing to support the introduction of a larger package size. INTRO

products are designed to have no more than a 6 month “life-span”. Depending on the conditions set at time of approval the period may be less than 6 months.

Suppliers allocate enough inventory, preferably at one time, to support the anticipated sales for the initial six months. At the end of the 6 month INTRO period the product will be DELISTED and all inbound shipments stopped.

INTRODUCTORY products DELISTED will be given a final “*Last Call*” store manager order opportunity. After the “*Last Call*” order opportunity, ISLD requests that any remaining bailment inventory be picked up and relocated.

This space is reserved for future information regarding DELIST price reduction support and mark-down policies on ISLD owned inventory.

No Gross Profit Target will be set for INTRODUCTORY products given their limited life span at ISLD.

SPECIAL ORDER PRODUCTS: EVALUATION AND DELISTING PROCESS

SPECIAL ORDER products may be DELISTED immediately if:

- The product was for a one-time order and there will be no reorder generated.
- The store managers who had been offering the SPECIAL indicate that they no longer plan to order.
- The licensee for whom the SPECIAL was ordered indicate they no longer plan to carry.
- If there has been no sales activity for a period of 4 consecutive months.
- At anytime for other reasons it deems appropriate.
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SPECIAL ORDER products DELISTED will be given a final “*Last Call*” store manager order opportunity. After the “*Last Call*” order opportunity, ISLD requests that any remaining bailment inventory be picked up and relocated.

This space is reserved for future information regarding DELIST price reduction support and mark-down policies on ISLD owned inventory.

Due to low volume of sales no specific Gross Profit Target will be set for SPECIAL ORDER products within categories and sizes. DELIST decisions will rest primarily on continued sales and number of stores offering.

SPECIAL ORDER products whose 12 month Gross Profit contribution exceeds the DELIST Gross Profit Target may be considered for inclusion into the REGULAR or LIMITED product line. In addition to the Gross Profit generated, ISLD will also consider number of stores offering, regularity of sales and whether product is seasonal.

The decision to DELIST SPECIAL ORDER products rests with the Director.

LIMITED PRODUCTS:

LIMITED products may be DELISTED immediately if:

- The product was for a one-time order and there will be no reorder generated.
- The store managers who had been offering the LIMITED indicate that they no longer plan to order.
- The licensee for whom the LIMITED was ordered indicate they no longer plan to carry.
- If there has been no sales activity for a period of 4 consecutive months.
- At anytime for other reasons ISDL deems appropriate.

LIMITED products DELISTED will be given a final “*Last Call*” store manager order opportunity. After the “*Last Call*” order opportunity, ISDL requests that any remaining bailment inventory be picked up and relocated.

This space is reserved for future information regarding DELIST price reduction support and mark-down policies on ISDL owned inventory.

Due to low volume of sales no specific Gross Profit Target will be set for LIMITED products within categories and sizes. DELIST decisions will rest primarily on continued sales and number of stores offering.

LIMITED products whose 12 month Gross Profit contribution exceeds the DELIST Gross Profit Target may be considered for reclassification to the REGULAR product line. In addition to the Gross Profit generated, ISDL will also consider number of stores offering, regularity of sales and whether product is seasonal.

The decision whether LIMITED products are DELISTED rests with the Director.

ONE-TIME, VALUE ADDED OR GIFT ITEM PRODUCTS: EVALUATION AND DELISTING PROCESS

OTO, VAP or GIFT products may be DELISTED immediately:

- If the product was for a one-time allocation and there will be no reorders generated.
- If the product’s seasonality has ended.
- If the Value Added Package has become exhausted.
- If there has been no sales activity for a period of 4 consecutive months.
- At anytime for other reasons it deems appropriate.

OTO, VAP or GIFT products DELISTED will be given a final “*Last Call*” store manager order opportunity. After the “*Last Call*” order opportunity, ISDL requests that any remaining bailment inventory be picked up and relocated.

This space is reserved for future information regarding DELIST price reduction support and mark-down policies on ISDL owned inventory.

Due to low volume of sales no specific Gross Profit Target will be set for OTO, VAP or GIFT products within categories and sizes.

The decision to DELIST OTO, VAP or GIFT products rests with the Director.

50 ML, 375 ML AND 1.75 ML PRODUCTS GROSS PROFIT TARGET

ISLD may choose to create an alternate gross profit target for products in categories and sizes where the number of products may not be statistically valid.

CATEGORIES WITH GROSS PROFIT TARGETS

CATEGORY	SIZE (ML)
BOURBONS, BLENDS,WHISKEY, TENN	750
CANADIAN, IMPORTED AND DOM BTLD	750
PREPARED COCKTAILS AND PRE-MIX COCKTAILS	750
COGNAC & BRANDY-DOM & IMP, STD & FLAV	750
CORDIALS, LIQUEURS, TRIP SEC	750
CREAM LIQUEURS, IMPORTED AND DOM	750
GIN, DOM & IMP, STD & FLAVORED	750
RELATED PRODUCTS, ALL VARIETIES	ALL SIZES
RUM-FLAVORED	750
RUM-STANDARD	750
SCHNAPPS, ALL FLAVORS	750
SCOTCH-(BLENDED & SINGLE MATL) + IRISH WHISKY	750
DESSERT WINE, PORT, SHERRY, VERMOUTH	750
TEQUILA, ALL VARIETIES	750
VODKA, DOMESTIC, ALL FLAVORS	750
VODKA, DOMESTIC-NON-FLAVORED	750
VODKA, IMPORTED, ALL FLAVORS	750
VODKA, IMPORTED, NON-FLAVORED	750
IDAHO TABLE WINES	750